



Issue 34

ARMY ACQUISITION REFORM



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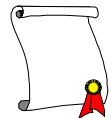


ATCOM AWARDS PERFORMANCE BASED CONTRACT TO McDONNELL DOUGLAS HELICOPTER SYSTEMS (MDHS)

A five-year multi-year contract for \$1.9 billion was awarded to McDonnell Douglas Helicopter Systems (MDHS) on August 16, 1996. The contract requires remanufacture of 232 each AH-64D AC. Major program attributes include contractor configuration management of the product baseline; interim contractor support for 5 years on Longbow unique items (3 years mechanical); performance based warranty; and initial training program. This is a firm fixed price contract with an economic price adjustment clause. Performance based payments, recently authorized under the Federal Acquisition Streamlining Act, will be utilized in lieu of progress payments. A government/contractor savings incentive clause was also incorporated into the contract, which will allow the Government to share in any savings generated during the performance of the contract including implementation of MDHS commercialization/streamlining initiatives.



TEST EQUIPMENT MODERNIZATION (TEMOD) PROGRAM



The TEMOD acquisition reform and acquisition streamlining is fully consistent with initiatives currently being implemented by the Department of Defense (DoD). The innovative acquisition strategy is accomplished as follows: procuring commercial test equipment using a streamlined acquisition process; using performance specifications; utilizing a two-step competitive sealed bidding process under subpart 12 and 14.5 of the FAR; using firm-fixed price, five (5) year indefinite quantity contracts with a maximum and minimum quantity; standardizing makes and models; reducing acquisition and support costs through centrally managed procurements; and promoting standardization and Inter-Service cooperation. As a result of this initiative, cumulative acquisition savings for TEMOD contracts since FY81 exceeds \$188 million. For additional information on TEMOD contact Lisa Conley, MICOM TMDE Branch, DSN 788-7435.



ARMY ACQUISITION WEBSITE <http://acqnet.sarda.army.mil>
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